KANTAR

Breakthrough Insights

2021

Executive summary

2021 might be described as 2020, Part 2. This year has brought a host of fresh challenges such as new COVID variants, vaccine rollouts and hesitancy, deepening supply chain woes, and a still-ballooning ecommerce industry rife with growing pains rooted in 2020's disruptions. Many retailers have seen their spectacular growth streaks continue as government stimulus, low interest rates, and heightened demand drive the economy. Others are seeing a turnaround after a harrowing 2020. Whatever your position, all retailers and brands must adapt to these challenges to succeed in the future.

As we head into the end of the year, the great quandary inherent in planning for 2022 is determining which trends are here to stay, which could revert to a semblance of pre-pandemic normalcy, and which will continue to evolve. New patterns in working, shopping, government policy, and inflation have already upended common wisdom, but none of these trends are currently stable. Here begins our never-ending work of painting a picture of what you can expect so that you can plan appropriately.

Our 2021 Breakthrough Insights is a collection of some of our best work this year crafted to address the most relevant issues you face every day. We have divided the selections into five key themes that delve into retailer and supplier challenges as well as the emerging responses the industry is mustering to combat them:

Macro upside down: How can retailers and brands navigate a macro environment with unprecedented and ever-shifting inputs?

The shopper puzzle: Which shopper and consumer trends will revert to a pre-pandemic state, which are here to stay, and which will evolve?

The fluid ecosystem: How will retailers adapt their appeals to remain relevant in a post-COVID and ecommerce-dominated age while expanding their profit streams?

Me commerce: How do you align your assortment, pricing, and promotions to shoppers who expect immediacy and a personalized omnichannel experience?

The cultural compass: What are the new rules for wellness, sustainability, and corporate responsibility that shoppers expect brands to follow?

These works vary in format and purpose. They include concise one-pagers, informative shopper profiles, and comprehensive topical deep dives. All provide actionable insights to help your business succeed in a time of almost unprecedented uncertainty.

If these topics interest you, we invite you to learn more from our industry-leading experts and the constantly updated repository of knowledge on **Kantar Retail IQ**. Furthermore, we hope to see you at our **2021 Retail Insights Conference** where you can gain the skills, insights, and action plans necessary to succeed in 2022 and beyond.

Enjoy the read!

Kate McGee
Partner, Syndicated Retail Platforms

Macro upside down

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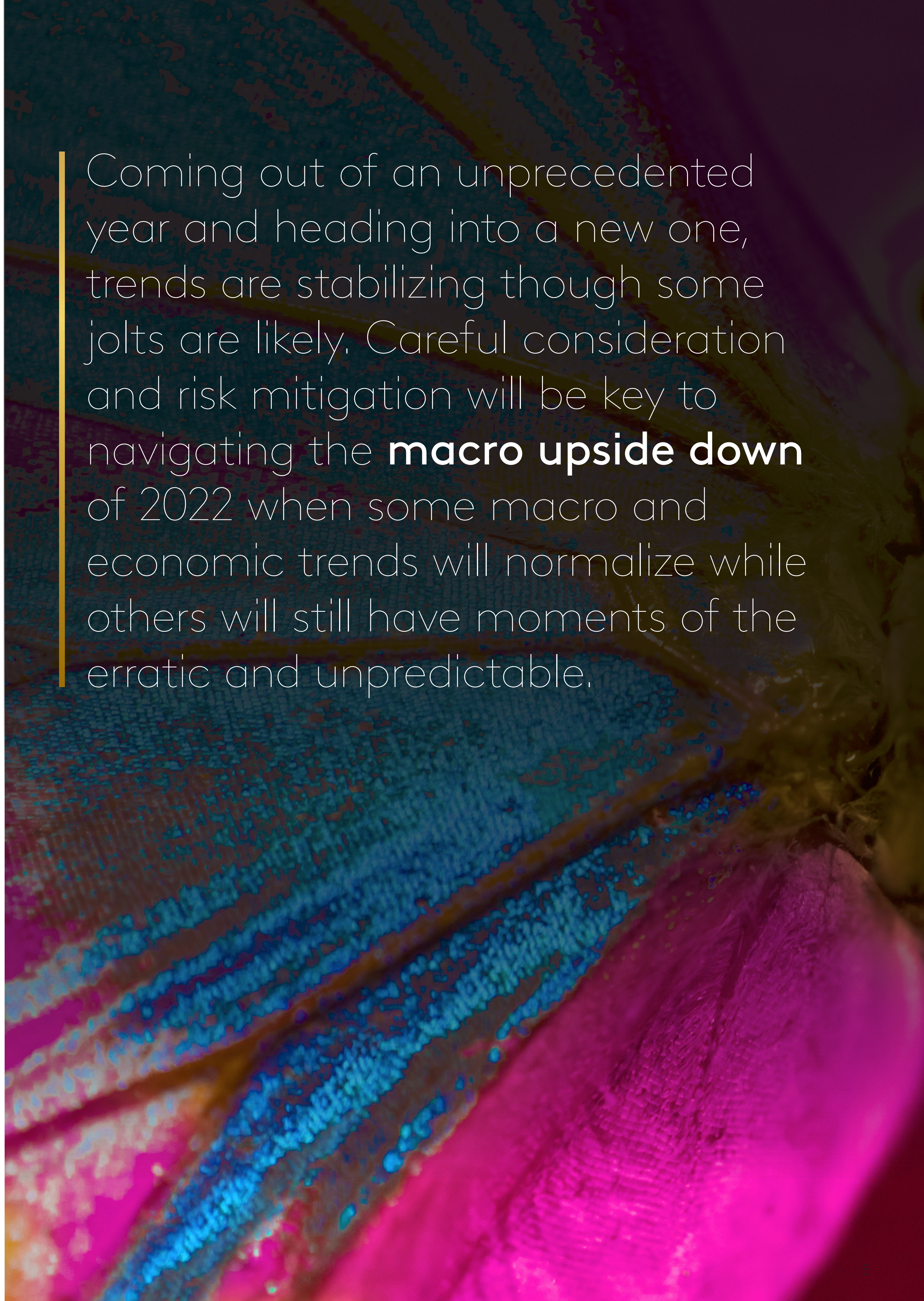

Coming out of an unprecedented year and heading into a new one, trends are stabilizing though some jolts are likely. Careful consideration and risk mitigation will be key to navigating the **macro upside down** of 2022 when some macro and economic trends will normalize while others will still have moments of the erratic and unpredictable.

EVENT PRESENTATION

Housing and macro trends for home improvement

Originally presented July 2021

US macro conditions have been shaped by the push and pull of pandemic disruptions and policy responses. Spending on homes, home improvement, and home goods has risen due to the pandemic while eviction moratoriums, low interest rates, and robust stimulus have added even more fuel to the fire that's created perhaps the hottest US housing market on record. Sharp job losses in many coastal states slowed income growth but consumer spending has created a recovery. After an initial decline, commodity prices spiked in 2021 alongside inflation for many consumer goods due to a mix of expansionary fiscal policy and a mismatched supply chain that did not anticipate the current surge in demand.

Download presentation

> The two-month supply of existing homes in Q1 2021 was the **lowest on record.** A six-month supply is considered balanced.

Key takeaways

- **Prepare for a pullback** in home improvement spending as government stimulus starts to dwindle and shoppers become more settled in their home routines.
- **Home prices will remain elevated** as their fundamental drivers differ from those of the mid-2000s. Low supply and high materials costs are restricting turnover, forcing some homeowners looking for an upgrade to invest more in their current properties.
- **The home is here to stay** as home centers capture a greater share of wallet and life. Many shoppers are engaging the home more frequently and will continue to do so after the pandemic, though not as much as during its height.

Where do you go from here?

Read
Gain insights into spending trends in a variety of **home categories**.

Kantar's **shopping for home deep dive** bundle explores how shoppers shop for their home, and the triggers, influencers, and touchpoints they encounter on their journey.

Register
Attend the **Retail Insights Conference** to learn how you can find opportunities in a distorted economy.

SLIDES

The retail reveal:

Pandemic impact on European market growth

Originally published June 2021

With high vaccine acceptance in Europe, the region's economy is expected to rebound by the end of 2021. What will ensue is a battle to control and benefit from new shopper and market norms. In the scramble to get a slice of the action, industry players have an equal chance to shape the pie as they do to get a piece of it in the coming years. Each market is also different. For instance, though they are among the most vaccinated in Europe, Brits are also some of the least likely to rush into returning to normal life.

Download slides

Euro area real GDP annual % change

2020	2021	2022
-6.6%	4.4%	3.8%

Key takeaways

- **Vaccinations are indicative of economic health.** Nations with the highest vaccination rates are also most likely to enjoy an economic rebound sooner rather than later.
- **The competitive retail field is opening up.** After a bumper year of growth in many markets, local retail players are set up for a tough battle for growing and retaining market share as some shoppers look to return to a semblance of normalcy.
- **Stores cannot ignore online.** Even completely brick-and-mortar retailers need to account for the recent explosion of online retail growth. Shoppers are looking to move on with their life but many will continue ordering online in higher quantities.

Where do you go from here?

Connect
Our persuasive sales and planning, market evolution modeling, and retail as a business enablement programs can help you dynamically react.
Learn more.

The shopper puzzle

Looking to find that missing piece in your buyer journey? Pay close attention to the **shopper puzzle** where shoppers are diverging into more complex cohorts and routines. That means putting the pieces together to activate strategies will take a high degree of precision rather than broad strokes.

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REPORT

The lasting impact of COVID on shopper behavior

Wave 3 fielded Sept. 3-5, 2021

The sudden jolt of a global pandemic pushed many shoppers to adopt routines, spending patterns, and lifestyle goals that will continue long after COVID has passed. More shoppers are saying they will keep new routines than revert to the old, and the level of disruption in routines is massive. The pandemic seriously affected 1 in 4 US shoppers either mentally, physically, or financially, whereas only half of shoppers say they have been minimally affected. Affected shoppers are also more polarized, with many spending more and splurging, but even more spending less than less affected shoppers who are more likely to make no changes at all.

23%
of shoppers say they'll shift back to "old ways"

40%
of shoppers say they'll mostly/fully keep new behaviors

View report

Key takeaways

- **One size does not fit all.** COVID polarized the country in routines and responses: affected vs. unaffected, vaccinated vs. unvaccinated, and job security vs. job disruption. For instance, vaccinated shoppers are paradoxically much more cautious about re-entering society than nonvaccinated shoppers.
- **Home life is here to stay.** Many shoppers still plan to engage in home activities more than they did before the pandemic. Working from home, ordering online, and spending more time with family all play into these changes.
- **Ongoing abnormality is expected.** Most shoppers are still experiencing undesirable issues in retail such as rising prices, out-of-stocks, and purchase limits. However, these issues are slowly improving over time as shoppers perceive less of them.

Where do you go from here?

Read
Our **COVID Commerce Snapshot Wave 3 report** analyzes how shoppers are responding to the current state of COVID so you can win them over as you plan for 2022.

Register
Attend the **Retail Insights Conference** to find out what's motivating late-pandemic consumers and how they'll transition to a post-pandemic mindset.

Connect
Unlock deep insights to inform epic solutions across the who, where, and what of the shopper journey. **Learn more.**

SHOPPER SLIDES

Back to the office:

The effect on eating and shopping habits

Originally published June 2021

The great work-from-home experiment has had a massive impact on eating habits. Urban eateries suffered tremendously. Many workers consumed more food at home than they did before, sometimes eating healthy options (and sometimes not). Moving forward, 1 in 6 US shoppers plans to return to working in the office at least part time compared with 1 in 3 who either don't work in an office in general or who don't plan to return to an office they used to work in. Those who plan to return to the office are the biggest drivers of change and will be responsible for new patterns in restaurant traffic, supermarket sales, and healthy eating habits.

69%

of all returning office workers are more likely to adopt/start new eating habits

Download slides

Key takeaways

- **Plan for an influx of spending to return to urban cores.** Those planning on returning to offices are both older and wealthier than those who never left the office.
- **Focus on healthy food.** Many of those returning to the office plan to eat. Some of these people will bring food from home, but many will also buy prepared food near where they work.
- **Plan by geography.** The Pacific states, eastern Midwest, and mid-Atlantic have higher percentages of shoppers who plan to return to an office. Mountain state shoppers have the fewest who plan to return.

Where do you go from here?

Read
Get an in-depth look at **COVID baking trends**, including impacted categories and how home baking will evolve post-COVID.

Register
Attend the **Retail Insights Conference** for a close-up look at the evolving food-at-home landscape.

Connect
Unlock deep insights to inform epic solutions across the who, where, and what of the shopper journey. **Learn more.**

INFOGRAPHIC

Unmasking the children of the pandemic

Originally published August 2021

Many of COVID's effects on retail have been immediately apparent. But its effect on societal norms and behavior has yet to be fully felt. Nowhere is this truer than for children who are now spending a large portion of their formative years dealing with the trials, tribulations, and cautions dictated by a pandemic. Social isolation can have significant harmful effects on child development, and parents are contending with the fallout. The vast majority of households with children have experienced significant disruption and stress over the past two years and are still more hesitant to engage socially than households without children.

76%

of households with kids under 18 describe extreme or moderate disruption to their daily routines due to the coronavirus

vs. 58% for households without children

Download infographic

Key takeaways

- **Combat social isolation** by leveraging an offer that allows children to express themselves more easily and authentically whether in person or online. Link to and support charities that help children struggling due to COVID, especially those from underprivileged families with access to fewer resources.
- **Accommodate parents** whose children may be behind academically by offering products and solutions that encourage consistency and routines. Link to physical and mental health services offered by relevant retailers.
- **Consider changes in future behavior.** A large portion of children growing up in this pandemic will become adults with different priorities than their older peers. Accommodate their shopping preferences years from now and keep an eye on what values emerge as most important to them.

Where do you go from here?

Read
Our **Shopping for Children Deep Dive**, which analyzes the shopping path of those who have children at home and how parents select retailers, categories, and fulfillment options.

Register
Attend the **Retail Insights Conference** to learn how kids influence retailer and category choices.

The fluid ecosystem

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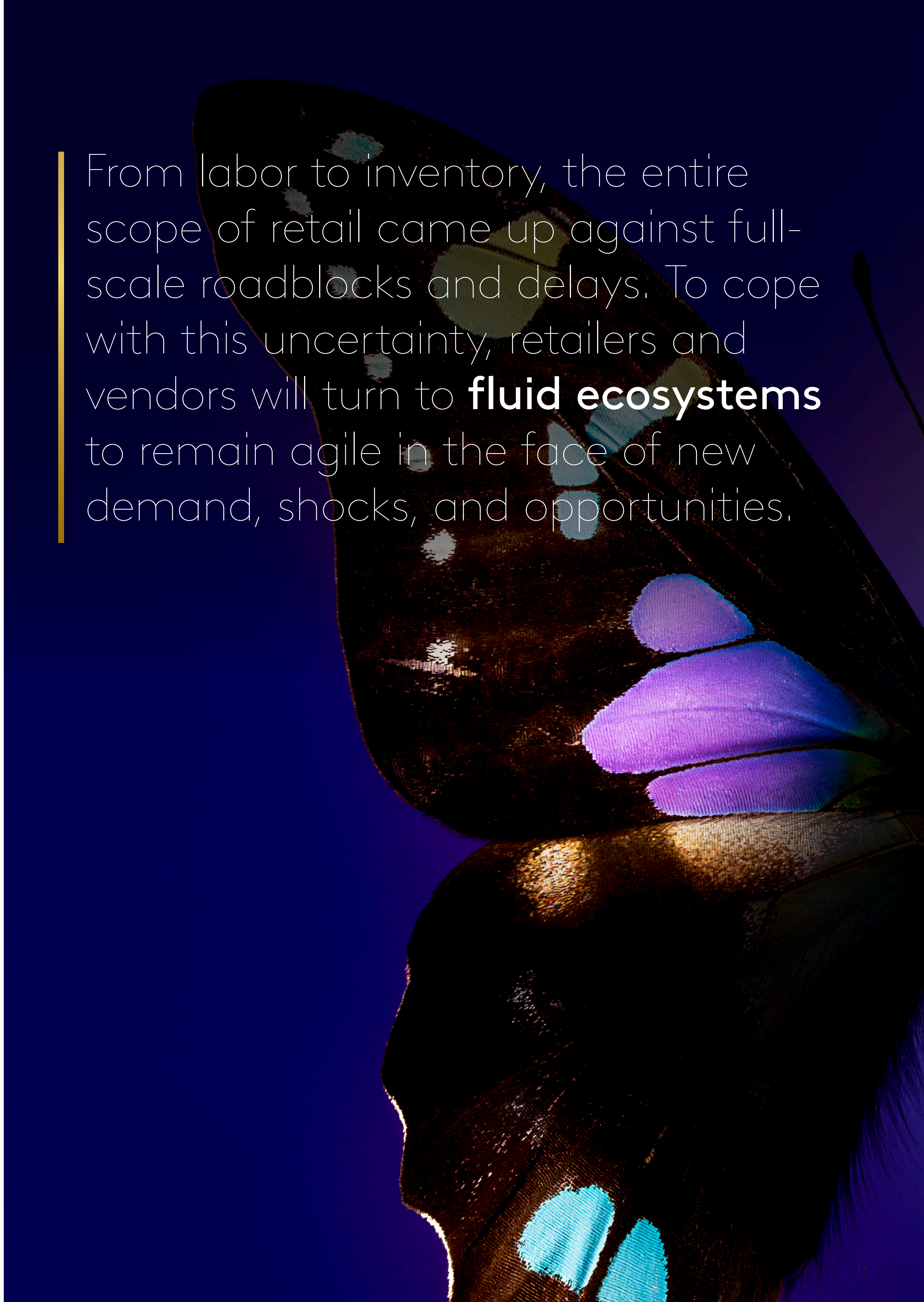


From labor to inventory, the entire scope of retail came up against full-scale roadblocks and delays. To cope with this uncertainty, retailers and vendors will turn to **fluid ecosystems** to remain agile in the face of new demand, shocks, and opportunities.

The store after COVID

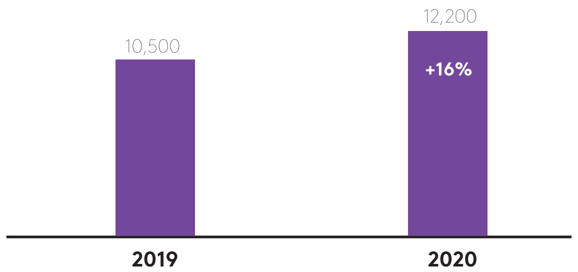
Originally published April 2021

Though store sales rose during COVID-19, the concurrent rise in ecommerce will force many stores to evolve their appeals to remain relevant to shoppers over the long term. Shopping the store can no longer be purely functional; it must also be a positive and entertaining experience. Curated and unique in-store assortments will take priority over a near-endless assortment while technology can enable more seamless ways of connecting people and their needs with information and solutions that are readily available in person. Cross-industry partnerships between retailers and other companies are also broadening the role of the store and creating more trip occasions.

Download slides

The retailer apocalypse continued unabated in 2020 despite government stimulus.

Store Closings



Key takeaways

- **Integrate store operations** with ecommerce platforms to leverage the existing stores as multifunctional distribution centers. For suppliers, align your assortment with these new roles so the backroom can act as a delivery hub for online orders.
- **Make the store a desired destination,** not just a place for routine trips that shoppers can easily outsource to online platforms. Invest in unique product assortments and engage shoppers with personal experiences and interactions. Align remodels to achieve these goals.
- **Leverage partnerships and services** within the store to expand its purpose beyond being a product source. Cross-link these services with your assortment to holistically solve problems for shoppers.

Where do you go from here?

Read
Fine-tune your plans by learning exactly how and why shoppers use the **club**, **discount**, and **drug** channels.

Register
Attend the **Retail Insights Conference** to learn how the pandemic has highlighted the value of physical stores and what retail real estate trends may tell us about the future of stores.

Join us for our **Walmart and Sam's Club virtual event** to learn how Walmart is innovating at scale and demanding suppliers keep up.

Watch
Discover how Costco, Sam's Club, and BJ's are seeking to build on the growth they experienced from pandemic stock-ups. **Learn more**.

The future of urban retail

Originally published May 2021

Europe's urban areas are undergoing profound shifts. As flexible and work-from-home arrangements become more common, workers are changing how they engage with their communities. Cultural, economic, and entertainment hot spots will emerge near more residential areas. The former urban core may become decentralized and give way to self-contained urban pockets designed to provide more amenities closer to where workers live and shop. Zoning will be increasingly mixed use and the future nature of former high streets within urban cores are in play. New densely trafficked shopping zones will be further enabled by the rise of the omnistore that allows for more flexible fulfillment and digital engagement.

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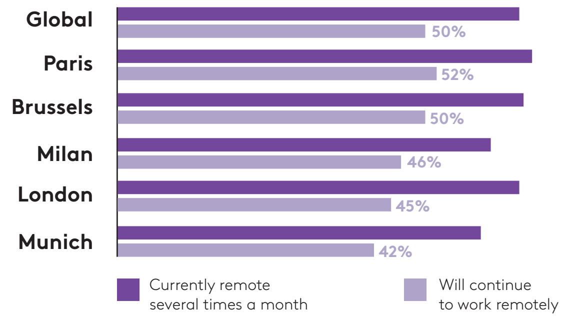
50%

of global consumers on average expect to continue working remotely at least several times a month

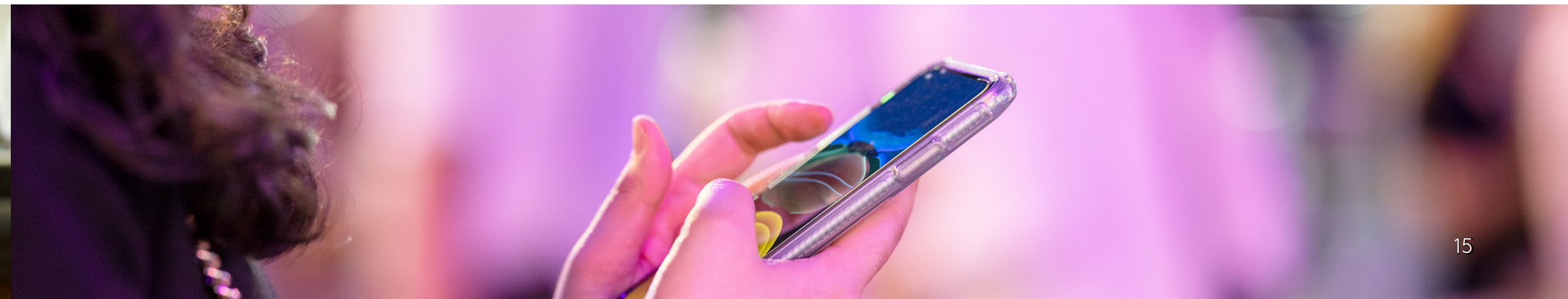


Key takeaways

- **Ride the wave** of the out-of-home spending boom as shoppers look to release pent-up-demand with their increased savings from the past year, but also be aware of growing price sensitivity and shaky consumer confidence.
- **Get microregional** to boost your relevance. The trend toward hyperproximity will mean that assortments and advertising will need to target the needs and preferences of individual neighborhoods within a given store.
- **Re-evaluate your moment of truth** as urban shoppers and others increasingly shop online and engage digital shopping activity in the store. Engage the pre-shop planning process and tailor your assortment by platform as well as by region.

Where do you go from here?

Connect
Understand key trends and growth channels with enterprise access to Retail IQ. **Learn more.**



Me commerce

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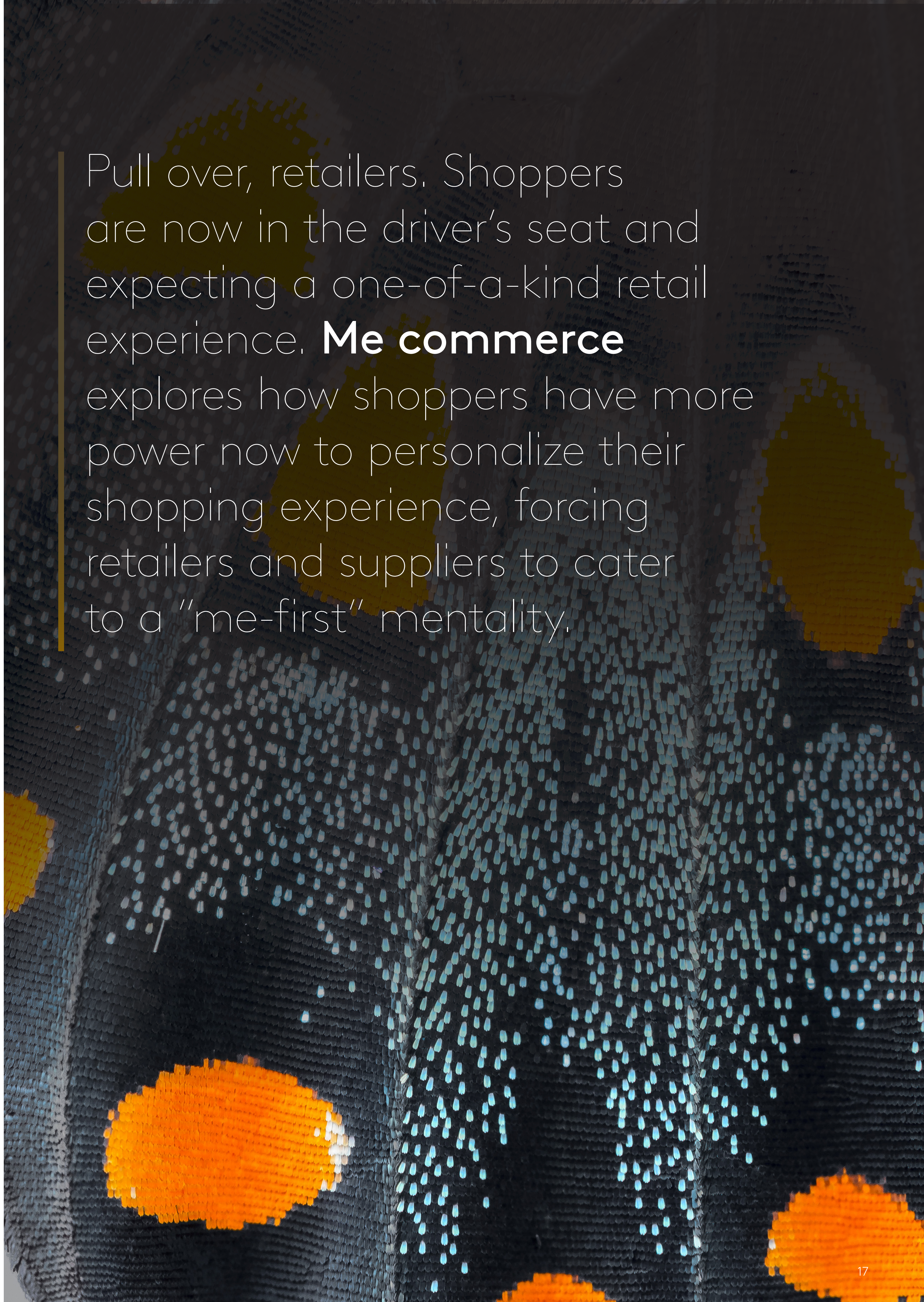


Pull over, retailers. Shoppers are now in the driver's seat and expecting a one-of-a-kind retail experience. **Me commerce** explores how shoppers have more power now to personalize their shopping experience, forcing retailers and suppliers to cater to a "me-first" mentality.

EVENT PRESENTATION

Omni retail acceleration and the post-pandemic outlook

Originally presented June 2021

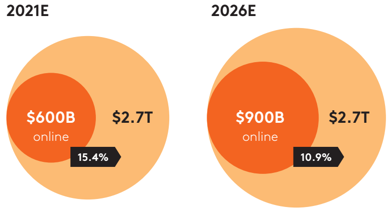
The age of the integrated store and online omnicommerce has already arrived. Shoppers expect their favorite retailers will be online, and are willing to leave them and find alternatives if their omnicommerce experience is less than satisfactory. Retailers are discovering that those shoppers who connect across platforms are more engaged and valuable as a whole than those who connect via only one avenue. At the same time, new delivery models and profit centers are allowing retailers to branch out from their traditional formats and reach shoppers in new ways.

Download presentation

Key takeaways

- **Serve the shopper** first and foremost by personalizing offers regardless of the platform. Focus less on channel delineation and integrate your shopper touchpoints data.
- **Incorporate omnichannel** as a core go-to-market strategy by linking the store and ecommerce with one planning view. Structure your organization to be less concerned with who gets credit for what sale and more concerned about how to grow sales for the entire enterprise.
- **Invest in mobile** as a tool to personalize offers and the broader retailer experience. Invest in reaching shoppers before they purchase, make a trip, or go to a site.

Total sales and online sales, 2021E and 2026E



Online sales are expected to grow from $600 billion in 2021 to $900 billion in 2026.

41%

of shoppers purchase both in store and online

Where do you go from here?

Register
Attend the **Retail Insights Conference** to learn more about omnicommerce success in the era of "me" commerce.

Watch
Our **state of omnichannel retail webinar** reviews major developments in omnicommerce in 2020-21 and the retail response.

SLIDES

Q-commerce:

Who are the key players?

Originally published August 2021

On-demand operators in Europe's retail market have seen explosive growth over the past year. These companies, including Getir, Gorillas, Uber Eats, and Deliveroo, are angling to replace convenience store trips and become the new "local proximity store" for shoppers who are more comfortable ordering food from home than ever before. By focusing on the shopper first and serving their needs, these players aim to drive relevance around missions, moments, and occasions as opposed to channels. To remain fast and convenient, they either need to stay focused on only the most needed items or build out an efficient but widespread dark store network that can service a larger assortment.

Download slides

Key takeaways

- **These companies leverage their tech expertise** to more profitably and effectively build out operations to reach as many shoppers as possible while ignoring dark store sites and strategies that might not help them grow sustainably.
- **Brands have numerous opportunities** to be featured on the platforms or gain search recognition with additional marketing investments and promotions.
- **Looking beyond food,** these operators are also aiming to offer services and solve more needs for shoppers that could eat away at occasions and trip drivers for other retailers.

getir GORILLAS Uber Eats deliveroo

Q-commerce is growing rapidly across Europe. In capital cities and major metros, operators of all sizes and models are setting up shop and hoping to seize a large share of what is still a relatively small market.

Where do you go from here?

Read
Follow the money driving the **last-mile delivery boom** and get key takeaways to inform your planning.

Connect
Our persuasive sales and planning, market evolution modeling, and retail as a business enablement programs can help you dynamically react.

Learn more.

The cultural compass

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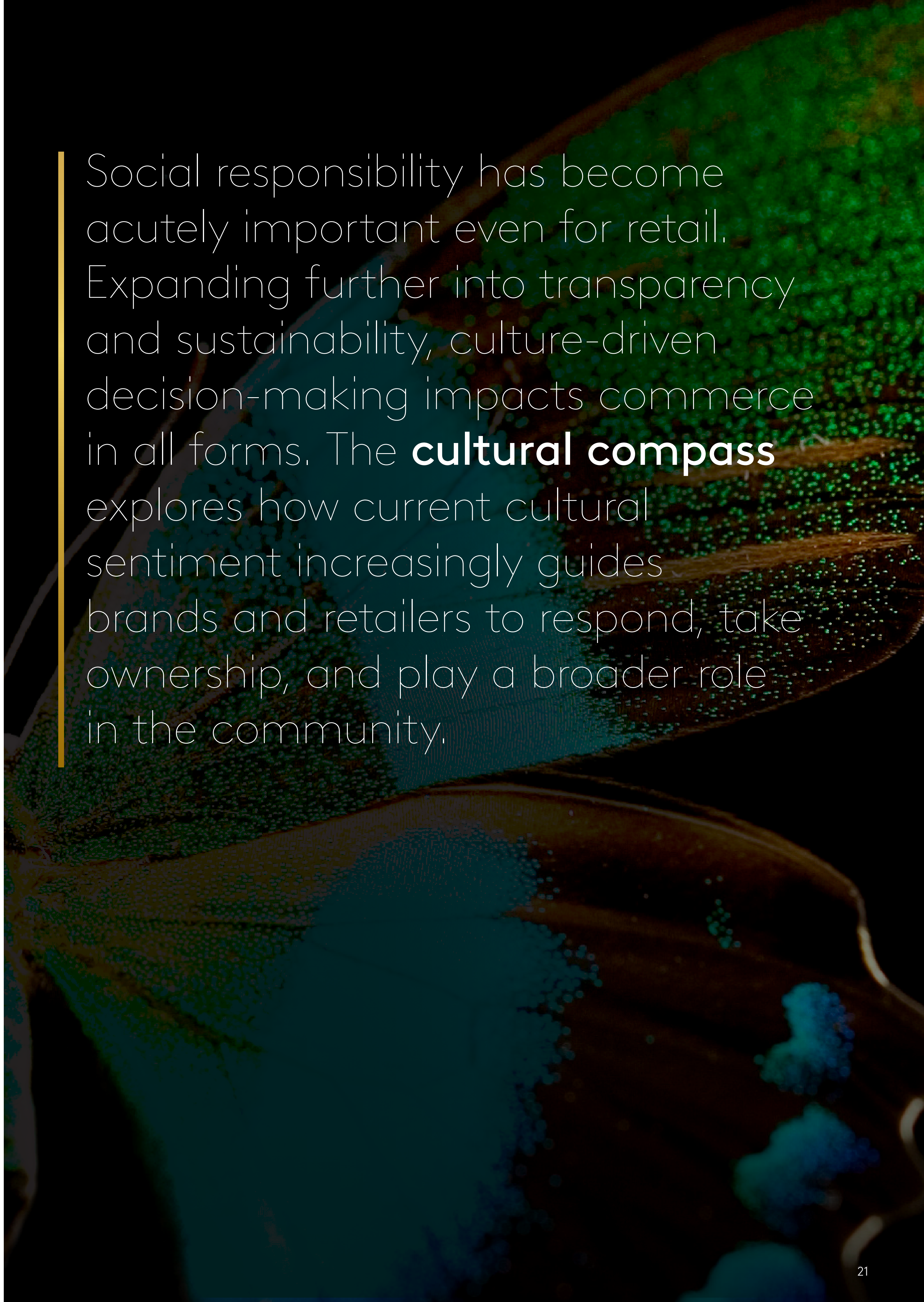
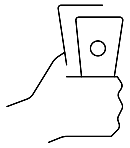


Social responsibility has become acutely important even for retail. Expanding further into transparency and sustainability, culture-driven decision-making impacts commerce in all forms. The **cultural compass** explores how current cultural sentiment increasingly guides brands and retailers to respond, take ownership, and play a broader role in the community.

Sustainability takes shape across retail

Originally published May 2021

Sustainability is gathering strength as retailers improve their supply chains and back-end operations and shoppers increasingly use sustainability as a lens through which to determine where to shop and what to buy. Shoppers are now willing to pay more for sustainability-focused products, packaging, and sourcing. Renting, rather than owning, is taking off for smaller-ticket items for those concerned about their environmental impact. Retailers and suppliers alike need to develop a multipronged approach to sustainability. Current examples include partnering with third-party recycling companies and taking care to eliminate unnecessary waste by selling more food approaching its expiration date.



59%

of shoppers are willing to **pay a premium** for sustainable products

Download slides

Key takeaways

- **Make the first move** as a supplier or retailer by investing more in your own internal processes and infrastructure to make it easier for shoppers to choose responsibly. Reap back-end efficiency gains where possible to improve the financial attractiveness of being sustainable internally.
- **Be straightforward and thorough** with your shoppers when talking about how you are ramping up your sustainability efforts. Back up your communication with action and authentic steps to lower the environmental impact of your business. Avoid vague lip service and "greenwashing."
- **Align with the shopper's interests.** Sustainability can encompass a broad range of priorities and initiatives. Invest in those that make the biggest impact and are most important to your core shopper.

Where do you go from here?

Read
Our **shopper lens on sustainability report** leverages Kantar's ShopperScape® data to help you better align with shoppers' sustainability expectations.

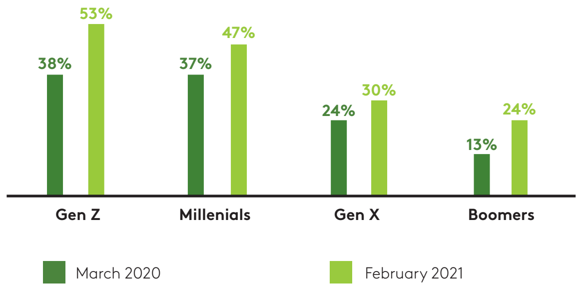
Register
Attend the **Retail Insights Conference** for more about retail's renewed focus on sustainability.

Emerging health and wellness trends in post-COVID-19 retail

Originally presented July 2021

COVID-19 has permanently elevated the importance of wellness across retail. Shoppers are looking for more ways to protect their mental health, and retailers have responded by investing in more trade spend; new telehealth services; and inventive product solutions in beauty, OTC, and food. Technology can serve as a great democratizer, letting shoppers of all incomes and ages access wellness. Within this rapidly growing landscape, drug retailers and those players large enough to engage in health services directly have an especially important role to play as shoppers expect them to be a health destination. All retailers can engage and ramp up their involvement in wellness lifestyle appeals.

Percent who say **mental health** is the aspect of their well-being they are most concerned with, by generation



Download presentation

Key takeaways

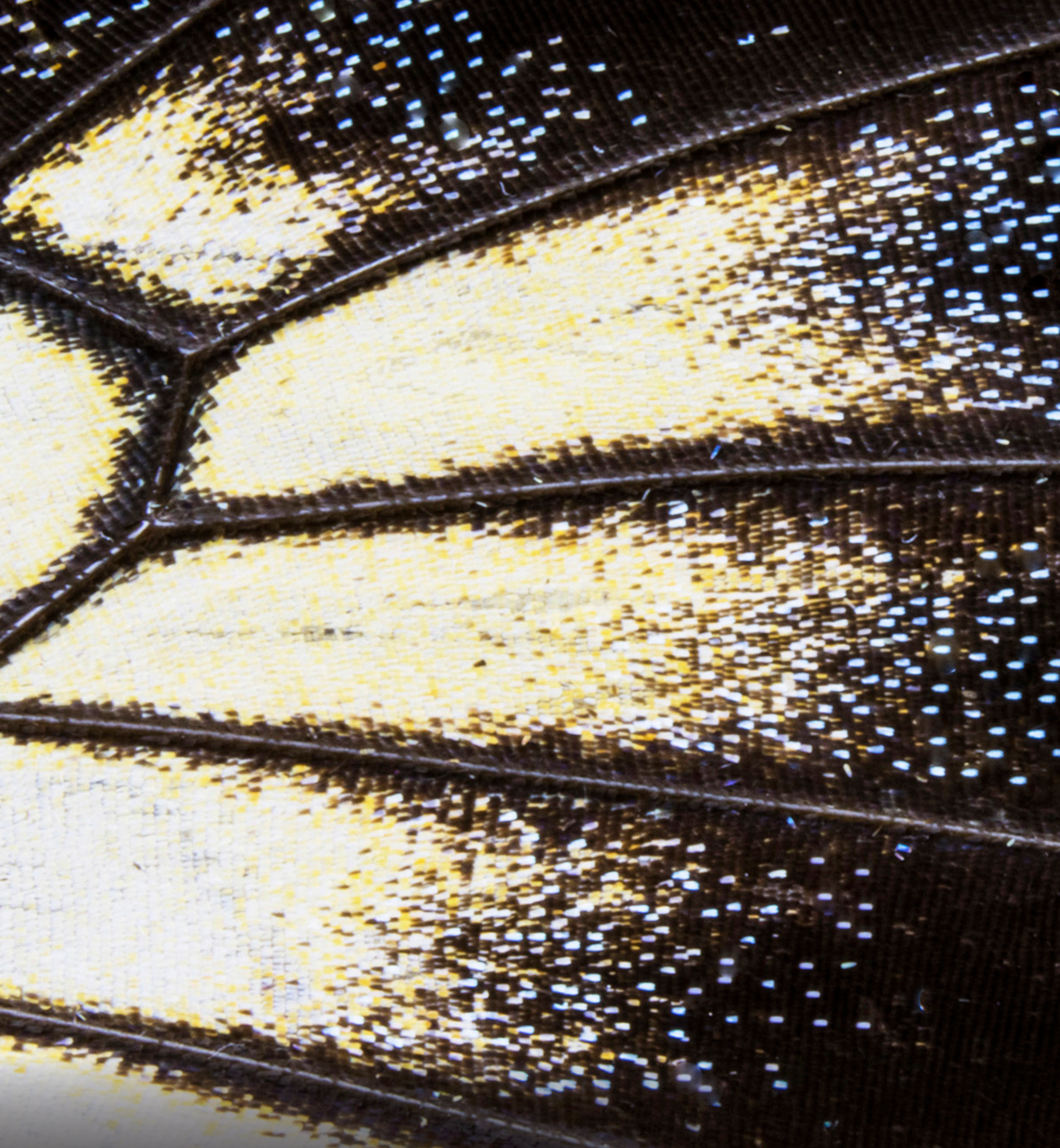
- **Disrupt the shopping experience** with bold and curated health and wellness branding that targets more proactive approaches to wellness. Ramp up marketing spend to reach more shoppers within both the online and in-store shopping journeys.
- **Return power to shoppers** by investing in mobile, touchless, and voice-enabled tools that allow shoppers to readily engage with wellness products, content, and interactive packaging anywhere and anytime. Link to solutions and routines that encourage shoppers to maintain their wellness easily.
- **Leverage analytics** to optimize trade spend within health and wellness and determine what types of benefits each shopper should see. Build trust with shoppers to become more than just a source of product.

Where do you go from here?

Read
Our report on **Amazon's wellness ecosystem** explores Amazon's position in digital healthcare, Amazon Pharmacy, what's ahead, and what suppliers need to know.

Register
Attend the **Retail Insights Conference** for an in-depth session on well-being and retail.

Watch
Our **webinar on the convergence of health and wellness** explores how shoppers' attitudes toward health, wellness, and self-care have shifted due to COVID-19 and how retailers are responding.



About Kantar: Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients **understand people** and **inspire growth**.

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